

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (07/14):
BUTTER: Grade AA closed at \$1.1775. The weekly average for Grade AA is \$1.1858 (-.0409).

CHEESE: Barrels closed at \$1.1925 and blocks at \$1.2200. The weekly average for barrels is \$1.1965 (-.0660) and blocks, \$1.2190 (-.0485).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market tone remains mixed. Churning activity ranges from steady to lighter. Fluid cream offerings have tightened seasonally as demand from Class II cream users improves. Butter stocks are readily available to meet current demand. Some Western butter continues to move into the Midwest and Eastern buyers/users/printers supplement local supplies. Demand is holding up quite well, particularly for bulk. Some printers are showing more interest in bulk now to ensure they have stocks on hand for anticipated fall needs. Print orders are mostly steady.

CHEESE: The cheese market is unsettled to weak. Movement has slowed for many packagers and to a lesser degree, processors. Inventory is the major problem, volumes are accumulating for more producers and many volume buyers already have ample supplies in storage. Many buyers are also working down part of their older and "cheaper" inventory already in storage. Cheese yields have drifted lower seasonally. Cheese output is declining where milk receipts have fallen but not fast enough to balance supply with demand.

FLUID MILK: Summer heat is taking a toll on milk production. Fat tests and yields are dropping nationwide. The most notable effects are being seen in Arizona and New Mexico where temperatures escalated to over 100 degrees. Southeastern handlers are anticipating milk imports to begin very soon. Northern sections of the country are showing typical seasonal declines in production. Class I demand is steady with some increased movement in promotional areas. Condensed skim prices are higher on a firm market. Fluid cream

demand is good. Multiples and the CME AA butter average are higher with buyers showing no resistance to price. Some spot shipments are moving from the West to the East. Movement into ice cream facilities is increasing in response to seasonal demands.

DRY PRODUCTS: Dry products markets are firming with the exception of lactose. A tight world market and a lack of cheaper substitutes is increasing NDM. DEIP acceptance activity has been strong during the first few weeks of the DEIP year. NDM is also reportedly being directly exported without a subsidy. Buttermilk prices are trending higher on a firm market. Some buyers are finding it difficult to use buttermilk in their formulas because of the higher prices. Whey prices are generally higher due to lighter cheese production schedules and increased interest. WPC remains firm. More price resistance is being noted allowing the bottom of the range to fall slightly. However, production remains short of buyer interest. The lactose market is weak. Some producers hold heavy inventories and are offering product at a discount. Export markets are competitive while the domestic front is lackluster.

CCC: During the week of July 10 - 14, net CCC purchases total 9,506,983 lbs. of nonfortified NDM and 388,561 lbs. of fortified NDM. Purchases of nonfortified NDM by region total 806,721 from the Midwest and 8,918,517 lbs. from the West. Cancellations of previously offered powder from the Eastern region total 218,255 lbs.

JUNE AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2000 was unchanged at 120. Compared with June 1999, the index was up 5 points (4.3%). The index of prices received by farmers for dairy products advanced 1 point during the month of June 2000 to 93. Compared with June 1999, the index was down 7 points (7.0%). Prices received by farmers in June with changes from May were: for All Milk, \$12.20, up \$0.20; Fluid Grade Milk, \$12.20, up \$0.10; and for Manufacturing Grade Milk, \$10.40, up \$0.30.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., **NONFAT DRY MILK:** carlot = 42,000-45,000 lbs., **BUTTER:** carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JULY 10	TUESDAY JULY 11	WEDNESDAY JULY 12	THURSDAY JULY 13	FRIDAY JULY 14	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2100 (N.C.)	\$1.1900 (-.0200)	\$1.1900 (N.C.)	\$1.2000 (+.0100)	\$1.1925 (-.0075)	-.0175	\$1.1965 (-.0660)
40# BLOCKS	\$1.2000 (-.0500)	\$1.2200 (+.0200)	\$1.2300 (+.0100)	\$1.2250 (-.0050)	\$1.2200 (-.0050)	-.0300	\$1.2190 (-.0485)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	\$1.1900 (-.0025)	-----	\$1.1900 (N.C.)	-----	\$1.1775 (-.0125)	-.0150	\$1.1858 (-.0409)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, JULY 10, 2000

CHEESE -- SALES: 6 CARS BARRELS: 1 @ \$1.2000, 2 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.2000, 1 @ \$1.2100; 1 CAR 40# BLOCKS @ \$1.2000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 13 CARS GRADE AA: 3 @ \$1.1700, 3 @ \$1.1800, 2 @ \$1.1900, 1 @ \$1.1925, 1 @ \$1.1900, 1 @ \$1.1875, 1 @ \$1.1825, 1 @ \$1.1900; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1000; OFFERS UNCOVERED: 22 CARS GRADE AA: 1 @ \$1.1900, 2 @ \$1.1925, 1 @ \$1.1950, 3 @ \$1.1975, 2 @ \$1.2000, 2 @ \$1.2100, 2 @ \$1.2200, 2 @ \$1.2300, 2 @ \$1.2400, 5 @ \$1.2500

TUESDAY, JULY 11, 2000

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.2000, 1 @ \$1.1900; 3 CARS 40# BLOCKS: 1 @ \$1.2100, 2 @ \$1.2200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1900

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JULY 12, 2000

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.2250, 1 @ \$1.2300; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2000; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.2300, 1 @ \$1.2400, 1 @ \$1.2500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: NONE; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.1600, 2 @ \$1.0000, 1 @ \$0.9950; OFFERS UNCOVERED: 12 CARS GRADE AA: 2 @ \$1.1900, 1 @ \$1.1975, 2 @ \$1.2000, 1 @ \$1.2025, 1 @ \$1.2050, 2 @ \$1.2075, 1 @ \$1.2175, 2 @ \$1.2275

THURSDAY, JULY 13, 2000

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.2200, 1 @ \$1.2275, 1 @ \$1.2300; BIDS UNFILLED: 1 CAR BARRELS @ \$1.2000; 1 CAR 40# BLOCKS @ \$1.2000; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.2250, 1 @ \$1.2300

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JULY 14, 2000

CHEESE -- SALES: 9 CARS BARRELS: 1 @ \$1.1900, 2 @ \$1.1800, 1 @ \$1.1750, 1 @ \$1.1850, 1 @ \$1.1750, 1 @ \$1.1850, 1 @ \$1.1825, 1 @ \$1.1925; 9 CARS 40# BLOCKS: 1 @ \$1.2025, 4 @ \$1.2100, 1 @ \$1.2075, 2 @ \$1.2100, 1 @ \$1.2200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2000; 3 CARS 40# BLOCKS: 1 @ \$1.2225, 2 @ \$1.2250

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 15 CARS GRADE AA: 1 @ \$1.1825, 3 @ \$1.1850, 2 @ \$1.1875, 1 @ \$1.1900, 2 @ \$1.1875, 1 @ \$1.1825, 1 @ \$1.1850, 1 @ \$1.1725, 1 @ \$1.1800, 1 @ \$1.1875, 1 @ \$1.1775; BIDS UNFILLED: 4 CARS GRADE AA: 2 @ \$1.1700, 2 @ \$1.1500; OFFERS UNCOVERED: 16 CARS GRADE AA: 1 @ \$1.1825, 1 @ \$1.1850, 2 @ \$1.1875, 5 @ \$1.1900, 5 @ \$1.2025, 1 @ \$1.2050, 1 @ \$1.2500

BUTTER MARKETS

NORTHEAST

Prices at the CME have turned downward since the July 3 trading. The market tone is unsettled. Over the past month or two, prices at the CME moved higher and lower with no clear-cut trend. Contacts feel that butter sales are fairly good, but there is no shortage of stocks. Buyers and distributors are able to acquire desired volumes with little or no difficulty. Production levels are off from the Fourth of July weekend, and are now light as cream volumes are reported as tight. Food service orders for prints are seasonally good. Sales for bulk continue in the range of 3-5 cents over the CME price/average.

CENTRAL

Like the proverbial roller coaster, butter prices are lower. After three consecutive sessions of increases, the AA price at the CME has fallen for three consecutive sessions. There is little clear pattern to price trends. A look at the recent trading does show many more offers uncovered than bids unfilled. Churning activity is lighter now that milk and cream supplies have tightened seasonally. Bulk butter stocks are fully adequate to meet current needs. With prices moving higher and lower, there seems to be less speculation. However,

there is some continued storing for anticipated late-summer needs. Current demand for print butter is just fair with food service orders seasonally good.

WEST

Demand for bulk butter ranges from fair to good. Offerings are available to cover current buyer interest. Some contacts are surprised that butter prices are again softening after the adjustment caused by the inventory correction last month. Cream seems to be more available than expected for mid-July. Some cream continues to move across the country to satisfy local needs. Ice cream sales activity is not as aggressive as earlier in the season. CME weekly butter inventories increased by more than half a million pounds to 97.1 million pounds, 24% ahead of last year at this time. Current prices for bulk butter range from 4 1/2 cents under to 2 cents under the market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	BARRELS 39% MOISTURE	NDM	BUTTER	DRY WHEY
JULY 8	1.1841 6,457,743	1.2030 7,520,665	1.0066 20,805,941	1.1681 2,443,693	0.1888 5,064,795

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are generally higher, but recent trading sessions at the CME have seen cheese prices fall moderately. The market tone remains unsettled. Cheese output in the East is easing as milk supplies tighten. Some plants would like more milk and are having difficulty finding desired volumes. Demand is fair as many users and distributors purchase for immediate needs. With prices not moving in a clear direction, buyers are hesitant to buy too far ahead. Retail demand is fair and food service orders are steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3050-1.7725
Cheddar Single Daisies	:	1.2625-1.7225
Cheddar 40# Block	:	1.4075-1.5825
Process 5# Loaf	:	1.4725-1.6475
Process 5# Sliced	:	1.4925-1.7500
Muenster	:	1.4650-1.7675
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is again exhibiting weakness on the Chicago Mercantile Exchange cash market. The weekly CME block average of \$1.2675 is nearly 26 cents below the comparable weekly average (\$1.5263) in 1999 which was on an increasing trend at the time. The barrel average at \$1.2625 is .1638 cents below the comparable year ago average of \$1.4263. Orders have slowed for some packager/processors, causing cheese supplies to back up at the producer level. Orders made under price protection policies after recent price increases have been filled and many buyers are using working down inventory positions first. Attractively priced American cheese offerings from other parts of the country are impacting sales for some area producers. Mozzarella interest remains unseasonably strong, surprising to many producers. Summer heat and humidity have not reduced current milk receipts as sharply as normally expected. Fat and protein tests on incoming milk supplies are trending lower seasonally, reducing cheese yields.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4425-1.5400
Brick And/Or Muenster 5#	:	1.5000-1.8275
Cheddar 40# Block	:	1.5000-2.1150
Monterey Jack 10#	:	1.7000-2.1150
Blue 5#	:	1.9625-2.0700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5200-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES : JULY 10 - 14, 2000

BARRELS*	:	\$1.2000 - 1.2725 (NOMINAL)
	:	(-\$.0400) (-.0225)
40# BLOCKS	:	\$1.2100 - 1.3000 (NOMINAL)
	:	(-\$.0525) (-.0200)

() Change from previous week. * If steel, barrel returned.

WEST

Prices firmed on natural and process items after trading at the CME last week. Current week trading shows some weakness to the market. Most contacts are unsure what direction the market is heading. Buyers have not really slowed purchasing activity even with the market gyrations. Processors continue to look for solids and cutters are looking for current natural cheese. Most manufacturing plants in the region report that receipts of milk are now on the downward slide. Demand for Swiss is rated as quite good for this time of the summer. Contacts are pleasantly surprised by the interest in mozzarella for July. Offerings are being readily absorbed.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4150-1.6750
Cheddar 40# Block	:	1.3900-1.5300
Cheddar 10# Cuts	:	1.5700-1.7900
Monterey Jack 10#	:	1.5800-1.7400
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4500

FOREIGN

Prices for domestic styles are fractionally higher. The market tone is about steady. Demand is seasonally slow to fair and stocks are sufficient to cover current needs. Reports indicate that the EU lowered subsidies on many types of cheese effective July 1. Drops were noted on Gouda, Blue, Emmenthaler, and Italian as well as other types.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.6075-3.1025*
Gorgonzola	: 3.2400-5.9400	: 2.1625-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0225-3.0475*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6225-1.8925*
Romano (Cows Milk)	: -0-	: 2.7975-4.9725*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg (Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

*=Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
07/10/00	32,736	: 141,386
07/01/00	32,757	: 140,036
CHANGE	21	: 1,350
% CHANGE	N.C.	: 1

FLUID MILK AND CREAM

E A S T

Hot weather continues to plague the Southeast and Middle Atlantic areas and milk output is being affected. Further north, temperatures are also becoming more summer-like, but the milk flow is mostly steady. With the hotter weather, fat tests and yields are dropping. Some cheese makers are looking for more milk as well and solids to fortify the tighter milk supply. Bottled milk sales are about steady at low, seasonal levels. Manufacturing plants are nearly idle in the Southeast while operating on lighter, though moderate schedules in the Northeast. Florida handlers for the second week in a row are exporting no milk for manufacturing nor are they importing any milk. Like last week, this scenario is the same as this week last year. Florida's milk production and Class I needs remain in balance. Some reports of Middle Atlantic milk moving into the Carolinas were noted. Many contacts are expecting milk shipments into Florida and other Southeastern states to begin any day now. In fact, some are surprised that Florida handlers have not already begun importing milk. The condensed skim market is firming and prices are moving higher. Demand is very good and, in some instances, causing marked reductions in drying schedules. As milk supplies and fat tests decline seasonally, the fluid cream market is firming. Spot prices are higher as multiples and the CME weekly average butter price increased. Suppliers report getting more inquiries. Cream prices are now less of a factor than availability. California cream is being shipped across the country in increasing volumes and delivered at competitive prices. Ice cream and ice cream mix production are seasonally heavy. The hot weather is boosting consumption, particularly soft serve. Cream cheese output is holding at moderate levels, but some makers are taking fewer spot loads and relying on their contracted cream volumes to meet their commitments. Churning activity is lighter.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6192-1.7787
DELIVERED EQUIVALENT ATLANTA	-	1.6438-1.7726 M 1.6806-1.7664
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6806-1.7419

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0500-1.1100
NORTHEAST- CLASS III - SPOT PRICES	- .8000-1.0100

M I D W E S T

WISCONSIN SPOT SHIPMENTS:	LOADS
JULY 7 - 13, 2000	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1999	18

Class I interest is about steady, though instances of promotional activity are stimulating some additional sales. Surplus milk diversions remain heaviest over the weekend. Reported surplus milk prices are generally unchanged at around \$1.00 to \$1.50 over class with most interest steady. Milk continues to move around within the region to balance bottler needs but out of area diversions have yet to start. Cream demand is seasonally good and prices are higher as multiples are increasing slightly and the average cash butter price at the Chicago Mercantile Exchange is also higher. Supplemental cream shipments from other areas of the country continue. A spurt in the interest for condensed skim was also noted. Plant operating schedules are

generally just a little lighter than recent weeks. Milk intakes are steady to slightly lower. A recent short bout of warmer temperatures and higher humidity did impact producer receipts at some plants while others have not yet seen much of a change. However, somatic cell counts are occasionally higher due to wet conditions.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 45.50	\$ 38.00- 42.50
REPLACEMENT HEIFER CALVES	\$275.00-370.00	\$200.00-265.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JULY 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 48.50	\$ 36.00- 46.25

W E S T

The August Class 1 prices in California range from \$13.93 in the north to \$14.20 in the south. The statewide average Class 1 price based on production is \$13.99. The average is 57 cents lower than July and 67 cents lower than August 1999. Milk production levels in California showed slight recoveries and volumes on both milk tests in areas where temperature levels moderated late last week. Good weather continued into this week and helped sustain these levels. Production plants have been able to handle volumes within the state. Some plants have been down or on reduced schedules for maintenance and/or new equipment installation. Cream demand was improved this week with more interest noted from the ice cream sector. Spot cream multiples are higher in the 120 to 128 FOB range. The drop in butter prices has cream suppliers trying to push multiples higher. Demand for cream remains good from butter makers, despite lower prices. Feed prices are low, especially for grains. Hay crops are more moderately priced and the availability of top-end alfalfa is limited. Milk output in Arizona has been severely curtailed because of sustained high temperatures over 100 degrees. The sustained heat has proven too much for heat abatement measures in place. Plant problems have slowed milk processing and milk and components are being shipped to find processing homes. The heat is affecting plant efficiencies. New Mexico milk production is declining seasonally at a fairly steady rate. Rains across the milk producing regions have affected feed lots and some herd health issues are noted. However, the rains have kept temperatures cooler and cows are giving good levels of milk. The rains are also affecting the third cutting of alfalfa and the quality is lower than desired. Milk output in the Pacific Northwest continues to decline seasonally, but at a very slow rate. Weather conditions are very moderate and not stressing the milking herd to any great extent. Therefore, the decline is quite slow. Declining corn, barley, and soybean prices are allowing dairy producers to contract their fall feed needs at prices comparable or less than last year. Plants continue to operate on heavy schedules. Hay quality available in the region is often less than hoped for. Contacts wonder if this will impact the milk flow this winter. Most contacts in Utah and Idaho believe that they are still at peak milk production levels. Hot weather this week may move output lower. Irrigation water questions are becoming more prominent as July passes. A number of hay growers have been told that their water will be shut off in 2-3 weeks. This will certainly reduce the volume of hay available for the third cutting. A few weeks ago no one was expecting to have any problems. Hay is very good quality this summer in this region. The only problem is that there is getting to be more competition for available supplies from outside the region.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 07/13/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged on a steady market. Fluid production is slowly declining and encouraging some plants to reduce schedules or close operations. Extra Grade supplies remain plentiful yet most producers feel that they are in a better position with less product being offered to the government. Demand for Grade A 50# bags remains strong with traders looking to book bulk quantities. High Heat movement is steady. Production is generally on an as needed basis at prices that are trending higher. Mostly prices for report 28 in 1999 were 1.0100 - 1.0150.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0350 MOSTLY: 1.0100 - 1.0200

DRY BUTTERMILK - CENTRAL

Prices are higher on a firm market. Trading is very light and supplies are tight. Purchases are generally on an as needed basis. Some animal feed buyers are no longer in the market due to the higher prices. Production is steady to lower as condensed supplies readily clear into ice cream and reduce the need and cost of drying. Producers are not seeing any buyer resistance yet traders are finding product difficult to move. Some buyers are opting to import product from the West Coast. Off grade supplies are tight. Prices for report 28 in 1999 were .7000 - .7400.

BUTTERMILK: .9575 - 1.0075

DRY WHEY - CENTRAL

Prices are mixed on a steady to firm market. Production is unchanged to slightly lower due to decreases in milk volumes and production slow downs with increases in humidity. Supplies are mixed. Most plants are in good balance to tight with a few plants reportedly sold out into the first few weeks of August. However, some plants are running a little long and discounting product. Movement is fair, best into export and feed markets. Condensed supplies are plentiful although in better balance than during the holiday week. Off grade supplies are difficult to find at prices just under the average. Mostly prices for report 28 in 1999 were .1700 - .1800.

NONHYGROSCOPIC: .1900 - .2050 MOSTLY: .1950 - .2000

ANIMAL FEED WHEY - CENTRAL

Prices are mixed on milk replacer and higher on roller ground and delactose. The markets are generally firm. As Extra Grade prices increase, dry animal feed markets are adjusting accordingly. Some buyer resistance is being noted on milk replacer at the higher prices. Roller ground movement is fairly good into hog markets even at lower hog prices. Most inquiries are domestic, although some product is also being exported. Delactose production is unchanged to lower due to the recent humid weather. Where possible, delactose is being used as a substitute for WPC. Off grade supplies are in balance to tight at prices just below the average. Prices for milk replacer, roller ground and delactose for report 28 in 1999 were respectively .1400 - .1675, .1675 - .1875 and .2600 - .3150.

MILK REPLACER: .1500 - .1900
ROLLER GROUND: .1800 - .1950
DELACTOSE (Min. 20% protein): .3700 - .4000

LACTOSE - CENTRAL AND WEST

Prices are lower on a weak market. While export movement is generally steady, domestic demand is lackluster. Supplies are mixed. Some plants are oversold and shorting orders while others are long on supplies and discounting product. Some buyers are resisting the current market in anticipation of lower prices while producers expect prices to eventually trend higher as whey prices rise. Multiple load shipments are reportedly available below the range. Production is unchanged to lower with some plants experiencing production problems. Inquiries from Asia are steady. Off grade supplies are plentiful and competitive with Extra Grade for feed interest. Buyers continue to bid in the single digits for Off grade product. Permeate supplies are readily available for the fair demand. Mostly prices for report 28 in 1999 were .1700 - .1800.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1650 - .2300 MOSTLY: .1725 - .1825

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are mixed on a steady to firm market. Buyer resistance is becoming more evident. Some milk replacer operations are no longer contemplating and making commitments toward alternative proteins such as casein, soy, blood or imported delactose. Interest from vealers is slowly decreasing as veal markets weaken. Resellers are less confident in holding supplies and are willing to trade product at the average. Inventories are in balance to tight. While production is generally at capacity, most plants are unable to supply spot interest beyond regular commitments. Movement is best into ice cream, yogurt and cream cheese with some sellers again shorting contracted buyer needs. Export inquiries are being reported from the Pacific Rim. Condensed supplies vary upon location. Some plants are being bid the average on condensed while others are offering condensed to neighboring facilities due to excess supplies. Off Grade product is readily available at substantial discounts depending on the quality. Mostly prices for report 28 in 1999 were .4400 - .4600.

EXTRA GRADE 34% PROTEIN: .7500 - .8025 MOSTLY: .7725 - .7925

NONFAT DRY MILK - WEST

Low/medium heat prices are slightly higher on the range, unchanged for the mostly. The market tone remains on the weak side, although people are talking the market up. Production levels remain good for many producers who are seeing milk volumes increase slightly. DEIP acceptances have been active during the first two weeks of the new DEIP year started July 1. However, contacts are indicating that bonus applications are being rejected and effectively, new acceptances have slowed. There are reports that some NDM is being direct exported without a subsidy. This is possible with the tight world market situation increasing world prices and shorting availability. The trade continues to talk about the possibility of a support price tilt - but timing and degree of a change are highly speculative. The political and economic ramifications are being discussed in the trade. Prices are lower on the top end of the high heat range. The tone remains steady to firm as new seasonal usage is developing. During the week of July 3 - 7, CCC was offered 4.7 million pounds of NDM into the price support program. Of this total, 5.6 million pounds were from the West (these sales were offset by cancellations in the Midwest.)

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9900 - 1.0225 MOSTLY: 1.0000 - 1.0100
HIGH HEAT: 1.0300 - 1.0700

DRY BUTTERMILK - WEST

Prices continue to trend higher and the market tone remains firm. Some buyers are finding higher prices harder to work into formulas. Production levels remain light in the region primarily due to good sales of condensed buttermilk and dryer time needs for NDM. Condensed sales continue to be good to ice cream and yogurt accounts. Churning schedules are mixed with butter makers willing to sell cream to maximize returns. Plant stocks are light.

BUTTERMILK: .8700 - .9400 MOSTLY: .8800 - .9000

DRY WHEY - WEST

Western whey prices range from steady to fractionally higher. Domestic demand is generally fair. Sellers are not willing to discount any powder at this time. They are comfortable with current inventory levels and are willing to wait if offerings do not clear right away. Export sales are about steady. Whey production levels are beginning to show some softness seasonally. There seems to be a slight firming undertone noted.

NONHYGROSCOPIC: .1725 - .1950 MOSTLY: .1750 - .1825

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
July 7	\$1.0075	11,912,688
June 30	\$1.0061	13,209,443

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady. The market tone is a bit more firm. Producers report that improved export interest and very high WPC prices are a couple reasons for the good interest in NDM. In less than two weeks since the new DEIP allocations were announced, bids totaling more than 11,000 MT of NDM have been accepted. There has been some conversation regarding the low bonuses paid by FAS. However, with world prices for NDM approaching U.S. price levels, there has been some discussion involving unsubsidized exports. Drying activity in the East is lighter as continued good condensed skim sales clear sizeable volumes. Most Eastern producers report inventories as lower than normal for July. Despite the good demand, slower output, and lighter-than-normal stocks, prices are not increasing.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0200 - 1.0300 MOSTLY: 1.0200 - 1.0250

HIGH HEAT: 1.0700 - 1.1000 MOSTLY: 1.0700 - 1.0800

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and nominal. The market tone is unchanged. Production was lighter this week as cream supplies tightened and butter/buttermilk output was lower than the week previous. Producer stocks are balanced, mostly light. Spot demand is steady at slow to fair levels.

F.O.B. NORTHEAST: .8800 - .9000

DELVD SOUTHEAST: .8800 - .9550

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are steady, but still geared to filling contracts. Producer stocks are closely balanced and anything that may be on hand is committed. Demand is slow to fair for the spot domestic market, and movement through DEIP (last year's contract) is clearing quite a bit of the current output.

F.O.B. PRODUCING PLANT: 1.2050 - 1.3100

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH JULY 7, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 10,800 MT (23,809,680 LBS)
CHANGE -- 10,800 MT (23,809,680 LBS)

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT;
Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady with some fractional increases noted. The market tone continues to firm. Production levels are steady to lighter as cheese output eases seasonally along with milk supplies. Eastern producers have little product to offer on the spot market. Any extra loads that may be available, but held with more confidence. Due to the lighter production, some suppliers are having difficulty meeting contractual shipping schedules and delaying delivery dates. Demand is fair to good, but not overly aggressive. Export interest continues to clear a good portion of current output. Domestic demand is mostly steady.

F.O.B. NORTHEAST: EXTRA GRADE .1950 - .2050

USPH GRADE A .1975 - .2100

DELVD SOUTHEAST: .2200 - .2400

EVAPORATED MILK - NATIONAL

Prices are mostly unchanged and the market tone remains highly competitive. Production is steady to lighter as surplus milk volumes are dwindling seasonally. Demand is mostly for replacement needs.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

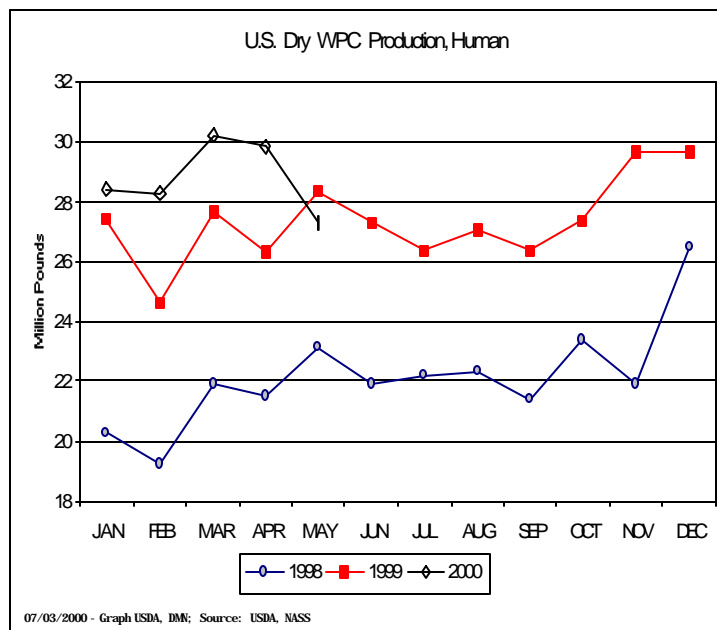
CASEIN - NATIONAL

Casein prices are unchanged following some sharp increases last week. The increases reflected new quarterly contract prices taking effect. Most current sales are contract based with spot sales rare. Offerings from Europe are tight as milk is moving to skim and whole milk powder production to maximize returns. Supplies in the United States are mostly adequate to service accounts.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.1800 - 2.2600

ACID: 2.1800 - 2.2900



JUNE AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2000 was unchanged at 120. Compared with June 1999, the index is up 5 points (4.3 percent). The index of prices received by farmers for dairy products advanced 1 point during the month of June 2000 to 93. Compared with June 1999, the index was down 7 points (7.0 percent).

Prices received by farmers in June with changes from May were: for All Milk, \$12.20 per hundredweight (cwt.), up \$.20; Fluid Grade Milk, \$12.20 per cwt., up \$.10; and for Manufacturing Grade Milk, \$10.40 per cwt., up \$.30.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JUNE 2000 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	MAY		JUNE		JUNE		JUNE		JUNE	
	2000 2/	1999 2/	2000 4/	1999 2/	2000	1999	2000 7/	1999 8/	2000	1999
CA	11.20	12.03	11.70	12.75	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		37.00	35.50	81.00	96.00
ID	10.30	11.60	10.20	12.10			39.00	35.10	95.00	66.00
MI	12.80	12.90	12.70	13.30			42.00	36.20	58.00	62.00
MN	11.50	12.52	11.70	12.97			41.50	38.40	62.00	60.00
NY	13.30	12.90	13.40	13.00			---	---	120.00	102.00
OH	12.60	12.90	12.40	13.00			40.00	37.20	105.00	79.00
PA	13.50	14.00	13.70	14.50			40.50	38.50	122.00	106.00
TX	13.10	13.10	13.10	13.50			37.20	35.10	86.00	86.00
WA	12.30	13.70	12.70	14.20			---	---	111.00	106.00
WI	11.20	12.39	11.30	12.63			42.10	38.20	38.00	51.00
U.S.	12.00	12.70	12.20	13.10			39.20	36.70	82.50	81.70

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., JUNE 2000 WITH COMPARISONS

ITEM	JUNE 1999	MAY 2000 1/	JUNE 2000 2/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	13.10	12.00	12.20
Fluid grade milk	13.20	12.10	12.20
Manufacturing grade milk	12.00	10.10	10.40
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	97	101	99
Prices received by farmers for dairy products	100	92	93
Prices paid by farmers for commodities and services, interest taxes, and wage rates	115	120	120
Prices paid by farmers for production items	111	116	117
Prices paid by farmers for feed	100	105	104
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.17	2.65	3.01

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

SOURCE: "Agricultural Prices," Pr 1 (6/00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JUNE

Component Price Information: Under the Federal milk order pricing system, the butterfat price for June 2000 is \$1.4128 per pound. Thus, the Class II butterfat price is \$1.4198. The protein and other solids prices for May are \$1.4278 and \$0.0438 per pound, respectively. These component prices set the Class III skim milk price at \$4.68 per cwt. The April Class IV skim milk price is \$7.70 which is derived from the nonfat solids price of \$0.8556 per pound.

Product Price Averages: The product price averages for April are; butter \$1.2725, nonfat dry milk \$1.0097, cheese \$1.1137, and dry whey \$0.1794.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <u>1/</u> <u>2/</u>						
FEDERAL MILK ORDER MARKETING AREAS <u>3/</u>	ORDER NUMBER	JUNE 2000				JULY 2000
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) <u>4/</u>	001	14.95	13.08	9.46	12.38	15.71
Appalachian (Charlotte) <u>5/</u>	005	14.80	13.08	9.46	12.38	15.56
Southeast (Atlanta) <u>6/</u>	007	14.80	13.08	9.46	12.38	15.56
Florida (Tampa) <u>7/</u>	006	15.70	13.08	9.46	12.38	16.46
Midwest (Cleveland) <u>8/</u>	033	13.70	13.08	9.46	12.38	14.46
Upper Midwest (Chicago) <u>9/</u>	030	13.50	13.08	9.46	12.38	14.26
Central (Kansas City) <u>10/</u>	032	13.70	13.08	9.46	12.38	14.46
Southwest (Dallas) <u>11/</u>	126	14.70	13.08	9.46	12.38	15.46
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	14.05	13.08	9.46	12.38	14.81
Western (Salt Lake City) <u>13/</u>	135	13.60	13.08	9.46	12.38	14.36
Pacific Northwest (Seattle) <u>14/</u>	124	13.60	13.08	9.46	12.38	14.36
All-Market Average	---	14.28	13.08	9.46	12.38	15.04

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are principal pricing points of markets.

4/ Class I prices at other points are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other points are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other points are: New Orleans, plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other points are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other points are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other points are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other points are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other points are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I price at Boise is minus \$0.30.

14/ Class I prices at other points are: Portland, same; and Spokane, same.

THE DAIRY SITUATION AND OUTLOOK

Dairy Markets Seek Stability. Growth in milk production continues to limit increases in milk and dairy product prices, despite strong demand. Wholesale prices of butter and cheese posted some rises soon after the seasonal supply crest, but movements have been erratic. Farm milk prices are projected to average about \$1.50 per cwt lower in 2000. If the dairy support purchase program ends at yearend as scheduled, farm milk prices may be about unchanged in 2001.

Milk Production Growth Eases. Milk cow numbers edged higher thus far in 2000 as farm expansions, already underway before the price drop, moved toward full capacity. Shortages of replacement heifers delayed the full effects of 1998-99's relatively high returns on milk cow numbers. Expanding and new farms are unlikely to alter their plans and probably will be an important factor through the end of the year. However, recent low milk prices are likely to slow new expansion plans. Exit of producers from dairying has not yet appeared to accelerate in 2000. Although sizable numbers of farmers cannot generate much family income at recent milk prices, these producers tend to have relatively little debt. Their exit decision is relatively independent of outside forces, and returns of earlier years were sufficient to delay decisions. However, the exit of farmers is expected to pick up soon as hopes for a quick price recovery fade. Milk cow numbers are projected to slip below a year earlier by late 2000. Even so, declines may be gradual and typical year-to-year decreases may not resume until well into 2001. Milk cow numbers are expected to average about unchanged in 2000, followed by a decline of 1 percent or slightly more in 2001. Even with lower milk prices, milk-feed price ratios stayed moderately favorable for increased concentrate feeding and growth in milk per cow. These ratios, along with generally good supplies of acceptable forage and no substantial weather problems, have led to above-trend increases in milk per cow since last autumn. Peak increases came during the winter, but growth remained fairly strong during spring. Increases from the 5-year average are expected to stay robust during the rest of the year and through most of 2001. However, second-half increases from a year earlier may seem modest because of the strong milk per cow posted in the second half of 1999. For the year, milk per cow is expected to increase more than 2 percent from 1999, followed by a smaller rise in 2001. Prospective large production and presumably large carryin stocks promise large supplies of alfalfa hay for most of the country. However, parts of the Midwest have had rain damage on early cuttings. In addition, the key Pacific region may be an exception to the general pattern of large supplies and moderate prices. Early cuttings this year were reported as significantly rain-damaged, and alfalfa exports have picked up sharply. Conditions for dairy-quality hay might be as tight as they were in 1997-98, boosting costs for western milk producers, slowing growth in milk per cow, and even slowing farm expansions. Gains in milk production are expected to diminish during the second half of 2000 as milk cow numbers again decline. For the year, milk output is projected to climb almost 3 percent. In 2001, milk production is expected to run near year-earlier levels. However, the current surge in milk production could persist longer than expected if the farm exit rate is slow to accelerate. Demand for dairy products is still being pushed by the strength of the general economy and consumer incomes. In addition, moderate dairy prices are helping sales. Dairy demand is expected to stay good during the rest of 2000 and 2001, but growth is not likely to match that of 1999. Economic conditions may not be as uniformly rosy, and dairy demand may have fully caught up with the economy.

Dairy Prices Erratic. A wide variety of forces is unsettling wholesale dairy prices. Milk production has begun its seasonal decline, and increases from a year earlier are easing but still large. Milkfat is approaching its seasonal low production and seasonal peak demand. Stocks are large and sales of skim solids for ingredient use keep declining. Demand for cheese and milkfat stays quite strong. DEIP activity has been very light, will become brisk, and may decrease again by autumn. Because of weak international market butter prices and slightly lower tariffs, over-Tariff Rate Quota (TRQ) butter and butteroil will become feasible at much lower prices this year. Moderate additional seasonal rises in wholesale cheese and butter prices likely will come out of this welter of conflicting factors by autumn. However, price reversals may well remain common as traders struggle with conflicting factors. Little movement is expected in nonfat dry milk prices until at least late in the year. Even then, significant increases are not expected unless sales of separated skim solids recover. Potential wholesale price increases during the rest of the year are expected to be limited by large milk production, the availability of milkfat from the sluggish international market, and weakness in the skim solids market. These factors are not likely to ease appreciably until at least 2001. Manufacturing milk values are expected to rise moderately from mid-spring levels during the rest of the year. Class IV (butter and dry milks) prices are projected to exceed Class III (cheese) prices until at least late 2000. Manufacturing class prices are projected to be above a year earlier this autumn but will average considerably lower for the entire year. If the dairy support purchase program is eliminated at the end of 2000 as scheduled, weak skim solids values may pull 2001 Class IV prices below a year earlier. However, moderating milk production and growing demand for cheese is expected to push Class III prices above this year's. Average farm milk prices in 2000 are projected to slip below \$13 per cwt for the first time since 1995. The expected 2000 price would be almost \$3 below the 1998 record, but only slightly less than the 1990-94 average. In 2001, changes in class prices are expected to be about offsetting, leaving the all milk price steady. Retail dairy prices in December and January dropped rapidly from the November peak but have moved erratically since then. Spring dairy prices were slightly above a year earlier, after a small winter decline. Retail dairy prices are expected to edge lower during the rest of 2000. For the year, retail prices are projected to average near or slightly below 1999.

SOURCE: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-72, June 28, 2000, Economic Research Service, USDA. For more information on the LDP report, contact James J. Miller, (202) 694-5184.

PER CAPITA CONSUMPTION OF SELECTED CHEESE VARIETIES, SELECTED YEARS, 1970-99*

Year	Italian			American		
	Total	Mozzarella	Other <u>1/</u>	Total	Cheddar	Other <u>2/</u>
	Pounds					
1970	2.06	1.19	0.87	7.02	5.79	1.22
1975	3.24	2.12	1.12	8.17	6.04	2.13
1980	4.44	3.02	1.42	9.65	6.85	2.80
1985	6.46	4.63	1.83	12.19	9.76	2.42
1990	8.97	6.92	2.05	11.13	9.04	2.09
1991	9.37	7.22	2.15	11.07	9.05	2.02
1992	9.97	7.71	2.26	11.32	9.20	2.13
1993	9.82	7.55	2.27	11.41	9.13	2.28
1994	10.29	7.94	2.34	11.55	9.11	2.43
1995	10.41	8.08	2.32	11.84	9.09	2.75
1996	10.79	8.48	2.31	11.99	9.18	2.81
1997	10.96	8.38	2.59	12.03	9.60	2.43
1998	11.34	8.75	2.59	12.15	9.60	2.54
1999 <u>3/</u>	11.80	9.22	2.57	12.96	10.08	2.88

Year	Miscellaneous				Total Cheese <u>6/</u>	Processed Products <u>7/</u>				Consumed as natural cheese <u>8/</u>
	Total	Cream and Neufchatel	Swiss <u>4/</u>	Other <u>5/</u>		Total processed	Cheese	Foods and spreads	Cheese content	
	Pounds									
1970	2.29	0.61	0.89	0.79	11.37	5.53	3.32	2.20	4.42	6.95
1975	2.86	0.74	1.10	1.02	14.27	6.69	3.35	3.34	5.17	9.10
1980	3.44	1.00	1.33	1.12	17.53	7.05	3.96	3.09	5.52	12.01
1985	3.90	1.23	1.29	1.37	22.54	7.60	4.60	3.00	6.06	16.48
1990	4.52	1.72	1.35	1.45	24.63	8.63	4.79	3.84	6.81	17.82
1991	4.58	1.77	1.22	1.59	25.02	8.66	4.89	3.77	6.84	18.18
1992	4.72	2.02	1.19	1.50	26.01	8.57	5.23	3.35	6.88	19.13
1993	5.02	2.09	1.20	1.73	26.25	8.71	5.24	3.47	6.97	19.28
1994	5.01	2.20	1.16	1.65	26.84	8.81	5.33	3.48	7.06	19.78
1995	5.03	2.07	1.12	1.84	27.27	8.82	5.52	3.30	7.11	20.17
1996	4.96	2.16	1.10	1.70	27.74	8.90	5.53	3.37	7.16	20.59
1997	5.03	2.29	1.02	1.71	28.03	8.11	5.01	3.10	6.51	21.51
1998	4.83	2.30	1.05	1.49	28.32	8.31	4.53	3.77	6.51	21.81
1999 <u>3/</u>	5.01	2.37	1.08	1.55	29.77	8.80	4.73	4.07	6.89	22.88

* Numbers may not add due to rounding.

1/ Includes ricotta, Provolone, Parmesan, Romano and other.2/ Includes Colby, washed curd, stirred curd, Monterey, and Jack.3/ Preliminary.4/ Includes imported Emmentaler and Gruyere.5/ Includes Munster, blue, brick, and other.6/ The sum of Italian, American, and miscellaneous varieties.7/ The cheese content of processed products is included in the applicable cheese variety and therefore, in Total cheese.8/ Total cheese minus the cheese content of processed products.

SOURCE: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-72, June 28, 2000, Economic Research Service, USDA. For more information on the LDP report, contact James J. Miller, (202) 694-5184.

ANNOUNCED COOPERATIVE AND MINIMUM FEDERAL ORDER CLASS I PRICES IN SELECTED CITIES ^{1/}												
CITY	JUL 1998			JUL 1999			JUN 2000			JUL 2000		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	13.96	15.26	1.30	14.34	15.94	1.60	14.80	16.13	1.33	15.56	16.64	1.08
Baltimore, MD	13.91	14.96	1.05	14.29	15.80	1.51	14.70	16.25	1.55	15.46	16.81	1.35
Boston, MA **	14.12	14.60	0.48	14.50	14.98	0.48	14.95	15.43	0.48	15.71	16.19	0.48
Carbondale, IL	12.89	14.55	1.66	13.27	14.98	1.71	13.90	15.61	1.71	14.66	16.37	1.71
Charlotte, NC	13.96	15.26	1.30	14.34	15.94	1.60	14.80	16.13	1.33	15.56	16.64	1.08
Chicago, IL	12.28	13.87	1.59	12.66	14.55	1.89	13.50	15.17	1.67	14.26	16.11	1.85
Cincinnati, OH	12.99	14.74	1.75	13.37	15.07	1.70	13.90	15.60	1.70	14.66	16.38	1.72
Cleveland, OH	12.88	14.38	1.50	13.26	14.76	1.50	13.70	15.30	1.60	14.46	16.08	1.62
Dallas, TX	14.04	14.54	0.50	14.42	15.47	1.05	14.70	15.50	0.80	15.46	16.01	0.55
Denver, CO	13.61	13.86	0.25	13.99	15.74	1.75	14.25	14.90*	0.65*	15.01	16.76	1.75
Des Moines, IA	12.43	13.08	0.65	12.81	14.11	1.30	13.50	14.69	1.19	14.26	15.30	1.04
Detroit, MI	12.73	13.91	1.18	13.11	14.11	1.00	13.50	14.53	1.03	14.26	15.26	1.00
Hartford, CT **	14.02	14.50	0.48	14.40	14.88	0.48	14.85	15.33	0.48	15.61	16.09	0.48
Houston, TX	14.58	15.08	0.50	14.96	16.01	1.05	15.30	16.10	0.80	16.06	16.61	0.55
Indianapolis, IN	12.78	14.33	1.55	13.16	14.71	1.55	13.70	15.40	1.70	14.46	16.18	1.72
Kansas City, MO	12.80	13.40	0.60	13.18	14.43	1.25	13.70	14.89	1.19	14.46	15.40	0.94
Louisville, KY	13.65	14.45	0.80	13.37	14.57	1.20	13.90	14.85	0.95	14.66	15.56	0.90
Memphis, TN	12.99	14.09	1.10	14.03	15.28	1.25	14.50	15.58	1.08	15.26	16.09	0.83
Miami, FL	15.06	18.08	3.02	15.44	18.36	2.92	16.00	18.64	2.64	16.76	19.15	2.39
Milwaukee, WI	12.19	13.78	1.59	12.57	14.46	1.89	13.45	15.12	1.67	14.21	16.06	1.85
Minneapolis, MN	12.08	12.73	0.65	12.46	13.71	1.25	13.40	14.47	1.07	14.16	15.37	1.21
New Orleans, LA	14.53	15.13	0.60	14.91	16.06	1.15	15.30	16.28	0.98	16.06	16.79	0.73
Oklahoma City, OK	13.65	14.25	0.60	14.03	15.28	1.25	14.30	15.35	1.05	15.06	15.86	0.80
Omaha, NE	12.63	13.23	0.60	13.01	14.26	1.25	13.55	14.69	1.14	14.31	15.35	1.04
Philadelphia, PA	13.97	14.99	1.02	14.35	16.38	2.03	14.75	16.42	1.67	15.51	16.98	1.47
Phoenix, AZ	13.40	13.40	0.00	13.78	13.78	0.00	14.05	14.65	0.60	14.81	15.41	0.60
Pittsburgh, PA	12.88	13.68	0.80	13.26	15.07	1.81	13.80	15.10	1.30	14.56	15.86	1.30
St. Louis, MO	12.89	14.55	1.66	13.27	14.98	1.71	13.70	15.41	1.71	14.46	16.17	1.71
Salt Lake City, UT	12.78	12.93	0.15	13.16	13.41	0.25	13.60	13.85	0.25	14.36	14.61	0.25
Seattle, WA	12.78	15.38	2.60	13.16	15.29	2.13	13.60	14.08	0.48	14.36	14.84	0.48
Spokane, WA	12.78	15.38	2.60	13.16	15.29	2.13	13.60	14.08	0.48	14.36	14.84	0.48
Springfield, MO	13.07	13.67	0.60	13.45	14.70	1.25	13.90	14.95	1.05	14.66	15.46	0.80
Washington, DC	13.91	14.96	1.05	14.29	15.80	1.51	14.70	16.25	1.55	15.46	16.81	1.35
Simple Average	13.31	14.39	1.08	13.69	15.10	1.41	14.18	15.36*	1.18*	14.94	16.06	1.12

* Revised. Additionally, the announced cooperative Class I price for Denver for May 2000 has been revised to \$14.68. The simple average cooperative Class I price for May 2000 has been revised to \$15.27.

**NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

^{1/} Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

JANUARY FLUID MILK SALES HIGHLIGHTS

During January, about 4.4 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.8 percent higher than January 1999 after adjustments for changes in the FMO marketing areas due to order consolidation (see 3/ below) and calendar composition.

**PACKAGED SALES OF INDIVIDUAL WHOLE MILK PRODUCTS AND FAT-REDUCED MILK PRODUCTS IN
ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, JANUARY 2000,
WITH COMPARISONS 1/**

Product Name	Sales	Change from: <u>2/</u>	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole Milk <u>3/</u>	1,565	3.8	3.8
Reduced Fat Milk (2%)	1,382	-1.1	-1.1
Low Fat Milk (1%) <u>4/</u>	735	6.2	6.2
Fat-Free Milk (Skim)	692	-6.2	-6.2
Buttermilk	49	4.1	-4.1
Total Fluid Milk Products <u>5/</u>	4,433	0.8	0.8

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. 2/ Data for 1999 have been highly estimated based on the change in population within Federal milk order marketing areas and California combined that has occurred as a result of the new consolidated marketing areas that came into effect in January 2000. Percent changes are based on this estimated 1999 data. Percent changes also have been adjusted for calendar composition.

3/ Includes flavored whole milk. 4/ Includes flavored fat-reduced milk. 5/ Includes miscellaneous products.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JULY 10 - 14, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/99	LAST YEAR	07/07/00	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	1,162,919	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	5,583,600	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	6,746,519	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	10,835,025	1,328,042	9,506,983	393,522,509	163,592,234	-0-	-0-
Fortified	388,561	-0-	388,561	5,701,908	1,308,613	-0-	-0-
TOTAL	11,223,586	1,328,042	9,895,544	399,224,417	164,900,847	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF JULY 10 - 14, 2000 =	2.2	115.2	COMPARABLE WEEK IN 1999 =	3.0	159.8
CUMULATIVE SINCE OCTOBER 1, 1999 =	150.1	4,713.8	CUMULATIVE SAME PERIOD LAST YEAR =	36.3	1,919.4
CUMULATIVE JANUARY 1 - JULY 14, 2000 =	138.9	4,120.6	COMPARABLE CALENDAR YEAR 1999 =	36.3	1,918.2

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 10 - 14, 2000 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	806,721	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	8,918,517	388,561
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-218,255	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIDWEST	-0-	-0-	6,665,991	-0-	44,738,558	15,177,034	47.6	9.2
WEST	-0-	-0-	80,528	-0-	349,556,375	149,723,813	51.7	90.8
EAST	-0-	-0-	-0-	-0-	4,929,484	-0-	0.7	0.0
TOTAL	-0-	-0-	6,746,519	-0-	399,224,417	164,900,847	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 06/24/00 & Comparable Week 1999 1/ 2/

U.S. TOTAL													% DAIRY OF ALL		
Regions*	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1	
2000-Dairy cows HD (000)	0.2	0.8	5.6	4.9	19.8	2.1	0.7	0.6	9.7	2.7	47.3	1,305.8	46.0	48.9	
1999-Dairy cows HD (000)	0.2	1.0	5.5	5.5	16.4	2.0	2.6	0.8	7.7	2.3	44.0	1,267.2	44.5	45.8	
2000-All cows HD (000)	0.3	1.0	7.6	14.7	28.6	13.8	13.8	4.0	12.5	6.5	102.8	2,667.8			
1999-All cows HD (000)	0.2	1.1	7.5	14.2	22.8	13.6	17.2	3.5	11.6	7.2	99.8	2,767.0			

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

BASIC FORMULA PRICE (BFP) (3.5% BF, \$/CWT, FOR COMPARISON PURPOSES ONLY)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46					
Class II	11.43	11.51	11.71	12.10	12.63	13.08						
Class III	10.05	9.54	9.54	9.41	9.37	9.46						
Class IV	10.73	10.80	11.00	11.38	11.91	12.38						

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/fmor_announce.htm